

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
STATESVILLE DIVISION
CIVIL ACTION NO. 5:14-CV-56**

ZLOOP, INC.,)	
)	
Plaintiff,)	
)	
v.)	<u>ORDER</u>
)	
E RECYCLING SYSTEMS, LLC and)	
JAMES CUNNINGHAM,)	
)	
Defendants/Counter-Plaintiffs,)	
)	
v.)	
)	
ZLOOP, INC.,)	
)	
Counter-Defendant.)	
)	

BEFORE THE COURT is Zloop, Inc.’s (“Zloop”) Motion to Join Parties and Claims, to Remand to State Court or in the Alternative Implead Necessary Parties, Align Parties and Remand, or in the Alternative Dismiss Without Prejudice to Allow Refiling in State Court (the “Motion”). [Doc. 59].

In their Amended Response to Zloop’s Motion, E Recycling Systems, LLC (“ERS”) and James Cunningham informed the Court that the United States Trustee filed a motion to convert Zloop’s Chapter 11 Bankruptcy case to a case under Chapter 7 of the Bankruptcy Code pursuant to 11 U.S.C. § 1112. [Doc. 62] at 2. ERS and Cunningham state that the Bankruptcy Court ordered that a Plan and Disclosure Statement (the “Plan”) be filed on or before August 15, 2016, and that they believe that, under the contemplated Plan, Zloop’s litigation rights will be transferred to a litigation trust controlled by the major creditor. *Id.* ERS and Cunningham argue that there is a substantial likelihood that the litigation trust will not expend further resources in pursuit of the

instant litigation. *Id.* Furthermore, ERS and Cunningham argue that, if Zloop's Chapter 11 case is converted, a Chapter 7 trustee would not expend further resources in pursuit of the instant litigation. *Id.* at 2–3.

For these reasons, the Court finds it appropriate to **DEFER** action on the present Motion. Zloop shall file documents and/or memoranda detailing the Plan for its Bankruptcy case, providing whether the case was converted to Chapter 7, and stating the known intentions of either the litigation trust controlled by the major creditor or the Chapter 7 trustee. An affidavit will suffice. Zloop shall file this within fourteen (14) days of this Order.

SO ORDERED.

Signed: December 19, 2016

A handwritten signature in black ink, reading "Richard L. Voorhees". The signature is fluid and cursive, with the first name "Richard" and last name "Voorhees" clearly legible.

Richard L. Voorhees
United States District Judge

